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BOOK REVIEWS AND NOTICES

Waterways versus Railways. By HAROLD G. MOULTON. Boston: Houghton, Mifflin Co., 1912. 8vo, pp. 468. \$2.00 net.

At this time, when the question of improving inland waterways is engaging so much public attention, Mr. Moulton's book is timely. It contains an adequate and forceful presentation of the case from the viewpoint of one who doubts the wisdom of further investment of public money in constructing canals and deepening rivers. The several waterway projects now under construction or under consideration are summarized; each is carefully analyzed; the possibilities of each are tested; and a comparison is made of conditions in this country with those obtaining in Europe, where waterway transportation is so highly developed. The information relating to English and Continental waterways was gathered during an extended trip abroad, and in supplementing the data obtained at first hand, Mr. Moulton has consulted a large amount of literature applying to both European and American transportation methods and results. The book is written in a lucid and interesting style. It is to be hoped that it will find its way into the hands of public men and others who are now discussing the subject with an incomplete knowledge of the facts.

After reviewing the causes which have led to the revival of interest in waterways, Mr. Moulton discusses the current arguments in their favor, and succeeds in casting serious doubt upon the practicability and economy of any extensive enlargement of existing waterway facilities. He brings out clearly the fact that the Mississippi River runs across and not with the great channels of traffic, and proves the unsoundness of the common belief that movement by water is cheaper than transportation by rail when to the rate paid by the shipper is added the interest and maintenance charges met by state-levied taxes. He shows clearly the many handicaps inherent in waterway transportation, particularly when transshipment is necessary. In the chapter dealing with the enlargement of the Erie Canal, attention is called to the fact that it was promoted through the influence of sectional interests hoping to benefit at the expense of the state as a whole; that no adequate investigation of the traffic possibilities was ever made; and that there has been no computation of the inclusive cost of transport. He concludes that

“from whatever angle we approach the problem we find support for the contention that transportation by rail is cheaper than transportation by canal, when there is included in the cost of the canal the state-levied taxes which cover the original cost of the highway and the annual expense of maintenance.”

The three chapters dealing with conditions in Germany are the best in the book and summarize many statistics which are not elsewhere available in such concise form. His conclusion is that on the Rhine alone can waterway transportation be regarded as successful. The Rhine constitutes but 6 per cent of the waterway mileage but it carries 43 per cent of the waterway traffic. In general, the German waterway traffic has been developed through the aid of a governmental policy which falls heavily upon the taxpayer. From personal inquiry, Mr. Moulton had been led to believe that the German officials are well aware that this policy is economically unsound, but it seems that they are not free to express their convictions because the Kaiser is behind the movement and strongly holds the view that waterways are the basis of the prosperity of the Fatherland.

As specific instances of the net result of this policy, it is shown that on the Main-Danube Canal the *deficit* amounts to 28 cents per ton of freight passing through the canal; on the network of canals in the vicinity of Berlin, the deficit is 23 cents per ton; on the Weser River it is 59 cents per ton; and on the most ambitious of waterway projects—the Dortmund-Ems Canal—the deficit is 60 cents per ton. The total cost of Prussian waterways is shown as \$198,420,270, and the annual deficit met by taxes as \$13,498,777, a sum equivalent to a loss of 6.8¹ per cent on the investment. The railways, if free to lower their rates, could undoubtedly take nearly all of the traffic; but they are restrained from competing with the waterways, and rates are maintained on a basis which insures a substantial differential in favor of the rivers and canals. Yet notwithstanding this policy an increasingly larger proportion of the traffic moves by rail.

In France and Belgium a similar policy prevails and like results follow. In England, where there is free play in competition, the canal traffic is constantly declining. The famous Manchester Ship Canal, which cost £16,790,491 (twice the estimated cost), and which was expected to pay 5 per cent dividends on its capitalization, has found itself unable to pay interest on the money borrowed from the city, and the stockholders have practically given up hope of dividends. Contrary to

¹ Shown as 7.8 per cent in the book—evidently a typographical error.

expectations, Manchester merchants have neglected to send their traffic through the canal, and the company complains of their lack of patriotism in using other means of transportation.

It is unfortunate that the book shows evidence of a slight bias in favor of the railways. Moreover there are several inaccuracies, one of a somewhat serious nature. In the preface, Mr. Moulton states that he approached the study of the question with some sympathy toward the theory that certain commodities move more cheaply by water, but that his mental attitude gradually changed as his investigation progressed. Because his views were steadily undergoing revision, he apologizes for the method of attack, but concludes that it is preferable to leave the book as it is rather than to undertake a thoroughgoing revision. One looks in vain for any indication of sympathy with any waterway project. On the contrary, there is evidence of a tendency, unconscious no doubt, to underestimate the natural advantages of waterways and overestimate the superiority of railways. As an instance, he exaggerates the difficulties in the way of controlling railway competition and of compelling the railways to co-operate with the waterways. Congress has already taken one step which will go far toward preventing unfair competition. Railways may not now raise a rate lowered because of water competition unless it can be shown that reasons other than the removal of water competition justify it. It is quite conceivable that other difficulties mentioned by Mr. Moulton may be met by similar legislation which will stand the test of the courts. Possibly, too, Mr. Moulton underestimates the extent of railway congestion in periods of heavy traffic. Just at this time it is not far from the truth to say that the railways are taxed to their utmost limit. In commenting on the average rate per ton mile on railways he says, "the average ton-mile rate on coal has never been computed, but it is probable that it would be less than 4 mills." It is difficult to understand how he arrives at this conclusion when the Interstate Commerce Commission report for 1910, which shows the commodity ton-mile rates for 54 per cent of the railways gives 5.89 mills for anthracite and 4.95 mills for bituminous coal.

Two of the graphic charts are open to criticism. The legend under the first states that it shows the tonnage moving over the New York Central and Erie roads and the Erie Canal *in the State of New York*, but it is plain that the New York Central curve includes its *total* tonnage and takes in the Boston & Albany traffic since 1900. The second chart depicts the tonnage on French railways and canals. Commenting on its indication Mr. Moulton says: "The increase in water traffic has

been less rapid than that of the railways, even in similar kinds of traffic." The opposite is true—the increase on the waterways is shown to be 179 per cent and that on the railways but 150 per cent.

But the most serious error appears on p. 432, where the cost of the New York Central Railroad is given as \$41,000 per mile. That this is far too low is quite obvious. Evidently Mr. Moulton has divided the "cost of road" on the New York Central balance sheet by the *total miles operated*, including many leased lines. When computed correctly on a basis of *miles owned*, the cost is more than \$190,000 per mile, or nearly five times as great as Mr. Moulton's figure on which he bases the comparative transportation costs in the argument which follows.

But on the whole, these and other minor inaccuracies, and the slight leaning toward the railway side, detract but little from the real value of the work. In his exhaustive treatment of all phases of this timely subject, the author shows an able and comprehensive grasp of its many-sided problems. The volume deserves an important place in the field of transportation literature.

WILLIAM J. CUNNINGHAM

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Political Economy. By S. J. CHAPMAN. New York: Henry Holt & Co., 1912. (Home University Library, No. 49.) 16 mo, pp. 253. 50 cents.

To present in one small volume the general principles of a science so widely ramified as modern economics is an ambitious project. Success in such a project would, obviously, be worth great effort. We may be able, without much difficulty, to induce the general reader to give his attention to a scientific discussion of definite, practical problems. But it is another matter to induce him to acquaint himself with the general principles which he must not neglect if he desires to attain valid practical conclusions based upon his own reasoning instead of upon authority. To refer him to existing works is useless; those which are of unquestioned soundness are too long, and devote too much space to controversies which can interest only the specialist. There is, then, an important place reserved for books similar in aim and scope to the one under review.

In the process of simplifying his problem, Professor Chapman excludes from consideration all questions of technology, applied economics, and economic ethics. In the field of what he calls "positive